

HOUSE BILL No. 5431

January 31, 1990, Introduced by Reps. Weeks, Bartnik, Rocca, Keith, Bennett, Hoffman, Niederstadt, DeMars, Pridnia, Murphy and Spaniola and referred to the Committee on Liquor Control.

A bill to amend sections 2h, 14, 19c, 19d, 24, and 27 of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended

"The Michigan liquor control act,"

sections 2h, 14, 19c, 19d, and 24 as amended by Act No. 118 of the Public Acts of 1989 and section 27 as amended by Act No. 150 of the Public Acts of 1986, being sections 436.2h, 436.14, 436.19c, 436.19d, 436.24, and 436.27 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2h, 14, 19c, 19d, 24, and 27 of Act
2 No. 8 of the Public Acts of the Extra Session of 1933,
3 sections 2h, 14, 19c, 19d, and 24 as amended by Act No. 118 of
4 the Public Acts of 1989 and section 27 as amended by Act No. 150
5 of the Public Acts of 1986, being sections 436.2h, 436.14,

1 436.19c, 436.19d, 436.24, and 436.27 of the Michigan Compiled
2 Laws, are amended to read as follows:

3 Sec. 2h. ~~"Hotel" means a building which in the judgment of~~
4 ~~the commission has been regularly used and kept open as such in a~~
5 ~~bona fide manner for the feeding and lodging of guests, where all~~
6 ~~who conduct themselves properly and who are able and ready to pay~~
7 ~~for such services are received if there are accommodations for~~
8 ~~them. A hotel must be prepared to show that the major portion of~~
9 ~~its receipts is derived from the renting of rooms and the sale of~~
10 ~~food. The commission may require that a hotel shall have been~~
11 ~~maintained as such for a period of 1 year prior to the issuance~~
12 ~~of the license. For license purposes, hotels in cities of 50,000~~
13 ~~population and less than 175,000 population shall contain not~~
14 ~~less than 25 permanent bedrooms and in cities of 175,000 popula-~~
15 ~~tion or over shall contain not less than 50 permanent bedrooms~~
16 ~~within 1 structure for lease to persons, and shall be adequately~~
17 ~~equipped to serve meals to not less than 100 persons at 1 time,~~
18 ~~in a cafeteria or dining room provided for that purpose. A hotel~~
19 ~~in a city, village, or township of less than 100,000 population~~
20 ~~which does not contain at least 25 permanent bedrooms, but is~~
21 ~~adequately equipped to serve meals to not less than 25 persons at~~
22 ~~1 time in a public cafeteria or dining room provided for that~~
23 ~~purpose, may apply to the commission setting forth the special~~
24 ~~facts and circumstances, and the commission may make an exception~~
25 ~~and grant the petitioner a hotel license. Class "A" hotels are~~
26 ~~those hotels licensed under this act to sell beer and wine.~~

~~1 Class "B" hotels are those hotels licensed under this act to sell
2 beer, wine, spirits, and mixed spirit drink.~~

3 (1) "HOTEL" MEANS A BUILDING OR GROUP OF BUILDINGS LOCATED
4 ON THE SAME OR ADJOINING PIECES OF REAL PROPERTY, WHICH PROVIDES
5 LODGING TO TRAVELERS AND TEMPORARY RESIDENTS AND WHICH MAY ALSO
6 PROVIDE FOOD SERVICE AND OTHER GOODS AND SERVICES TO REGISTERED
7 GUESTS AND TO THE PUBLIC.

8 (2) "CLASS A HOTEL" MEANS A HOTEL LICENSED BY THE COMMISSION
9 TO SELL BEER AND WINE FOR CONSUMPTION ON THE PREMISES ONLY, WHICH
10 PROVIDES FOR THE RENTAL OF, AND MAINTAINS THE AVAILABILITY FOR
11 RENTAL OF, NOT LESS THAN 25 BEDROOMS IF LOCATED IN A LOCAL GOV-
12 ERNMENTAL UNIT WITH A POPULATION OF LESS THAN 175,000 OR NOT LESS
13 THAN 50 BEDROOMS IF LOCATED IN A LOCAL GOVERNMENTAL UNIT WITH A
14 POPULATION OF 175,000 OR MORE.

15 (3) "CLASS B HOTEL" MEANS A HOTEL LICENSED BY THE COMMISSION
16 TO SELL BEER, WINE, AND SPIRITS FOR CONSUMPTION ON THE PREMISES
17 ONLY, WHICH PROVIDES FOR THE RENTAL OF, AND MAINTAINS THE AVAIL-
18 ABILITY FOR RENTAL OF, NOT LESS THAN 25 BEDROOMS IF LOCATED IN A
19 LOCAL GOVERNMENTAL UNIT WITH A POPULATION OF LESS THAN 175,000 OR
20 NOT LESS THAN 50 BEDROOMS IF LOCATED IN A LOCAL GOVERNMENTAL UNIT
21 WITH A POPULATION OF 175,000 OR MORE.

22 Sec. 14. ~~The commission may license any hotel or estab-~~
23 ~~lished merchant, who if a natural person, shall be a resident of~~
24 ~~this state, and if a corporation, shall be authorized to do busi-~~
25 ~~ness under the laws of this state, in places that the commission~~
26 ~~may designate, to sell spirits for consumption off the premises.~~
27 ~~If alcoholic liquor is sold by~~

1 (1) A PERSON SELLING SPIRITS AS a specially designated
2 distributor ~~, pursuant to a license issued under this section,~~
3 ~~it shall be sold at a~~ SHALL SELL AT THE UNIFORM price fixed by
4 the commission. ~~, and pursuant to rules promulgated by the~~
5 ~~commission.~~

6 (2) A PERSON WHO HOLDS A CLASS A HOTEL LICENSE OR A CLASS B
7 HOTEL LICENSE ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
8 ADDED THIS SUBSECTION AND WHO ALSO HOLDS A SPECIALLY DESIGNATED
9 DISTRIBUTOR LICENSE AT THE SAME LOCATION MAY RENEW OR TRANSFER
10 OWNERSHIP OF THAT SPECIALLY DESIGNATED DISTRIBUTOR LICENSE.

11 Sec. 19c. (1) A public license shall not be granted for the
12 sale of alcoholic liquor for consumption on the premises in
13 excess of 1 license for each 1,500 of population or major frac-
14 tion thereof. This quota does not bar the right of an existing
15 licensee to renew a license or transfer the license nor does it
16 bar the right of a tavern or class A hotel from requesting
17 reclassification of a license to class C, unless local option
18 laws prevent the sale of spirits and mixed spirit drinks by those
19 licensed premises, subject to the consent of the commission.
20 Upgrading of a license resulting from a request under this sub-
21 section shall be approved by the local governmental unit having
22 jurisdiction.

23 (2) In a resort area, the commission may issue 1 or more
24 licenses for a period not to exceed 12 months without regard to a
25 limitation because of population, but not in excess of 550, and
26 with respect to the resort license the commission, by rule, shall
27 define and classify resort seasons by months and may issue 1 or

1 more licenses for resort seasons without regard to the calendar
2 year or licensing year.

3 (3) In addition to the resort licenses authorized in subsec-
4 tion (2), the commission may issue not more than 10 additional
5 licenses per year for each of the years 1988, 1989, 1990, 1991,
6 1992, and 1993 to establishments whose business and operation, as
7 determined by the commission, is designed to attract and accommo-
8 date tourists and visitors to the resort area, and whose primary
9 purpose is not for the sale of alcoholic liquor. In counties
10 having a population of less than 50,000, as determined by the
11 last federal decennial census or as determined pursuant to
12 subsection (10), the commission shall not require the establish-
13 ments to have dining facilities to seat more than 50 persons.
14 The commission may cancel the license if the resort is no longer
15 active or no longer qualifies for the license. Before January 16
16 of each year the commission shall transmit to the legislature a
17 report giving details as to the number of applications received
18 under this subsection; the number of licenses granted and to
19 whom; the number of applications rejected and the reasons; and
20 the number of the licenses revoked, suspended, or other disci-
21 plinary action taken and against whom and the grounds for revoca-
22 tion, suspension, or disciplinary action.

23 (4) In addition to any licenses for the sale of alcoholic
24 liquor for consumption on the premises that may be available in
25 the local governmental unit under subsection (1) and the resort
26 licenses authorized in subsections (2) and (3), the commission
27 may issue not more than 25 additional resort licenses for each of

1 the years 1988, 1989, 1990, 1991, 1992, and 1993 if all of the
2 following conditions are met:

3 (a) The establishment's business and operation, as deter-
4 mined by the commission, is designed to attract and accommodate
5 tourists and visitors to the resort area.

6 (b) The establishment's primary business is not the sale of
7 alcoholic liquor.

8 (c) The capital investment in real property, leasehold
9 improvement, fixtures, and inventory for the premises to be
10 licensed is in excess of \$1,000,000.00.

11 (5) In governmental units having a population of 50,000 per-
12 sons or less, as determined by the last federal decennial census
13 or as determined pursuant to subsection (10), in which the quota
14 of specially designated distributor licenses, as provided by com-
15 mission rule, has been exhausted, the commission may issue not
16 more than 10 additional specially designated distributor licenses
17 per year for each of the years 1988, 1989, 1990, 1991, 1992, and
18 1993 to established merchants whose business and operation, as
19 determined by the commission, is designed to attract and accommo-
20 date tourists and visitors to the resort area. A specially des-
21 ignated distributor license issued pursuant to this subsection
22 may be issued at a location within 2,640 feet of existing spe-
23 cially designated distributor license locations. A specially
24 designated distributor license issued pursuant to this subsection
25 shall not bar another specially designated distributor licensee
26 from transferring location to within 2,640 feet of said licensed
27 location.

1 (6) In addition to any licenses for the sale of alcoholic
2 liquor for consumption on the premises that may be available in
3 the local governmental unit under subsection (1), and the resort
4 licenses authorized in subsections (2), (3), and (4), and not-
5 withstanding section 17(4), the commission may issue not more
6 than 5 additional special purpose licenses in any calendar year
7 for the sale of beer and wine for consumption on the premises. A
8 special purpose license issued pursuant to this subsection shall
9 be issued only for events which are to be held from May 1 to
10 September 30, are artistic in nature, and which are to be held on
11 the campus of a public university with an enrollment of 30,000 or
12 more students. A special purpose license shall be valid for 30
13 days or for the duration of the event for which it is issued,
14 whichever is less. The fee for a special purpose license shall
15 be \$50.00. A special purpose license may be issued only to a
16 corporation which is all of the following:

17 (a) Is a nonprofit corporation organized pursuant to the
18 nonprofit corporation act, Act No. 162 of the Public Acts of
19 1982, being sections 450.2101 to 450.3192 of the Michigan
20 Compiled Laws.

21 (b) Has a board of directors constituted of members of whom
22 half are elected by the public university at which the event is
23 scheduled and half are elected by the local governmental unit.

24 (c) Has been in continuous existence for not less than 6
25 years.

26 (7) In issuing a resort license under subsection (3), (4),
27 or (5) the commission shall consider economic development factors

1 of the area in the issuance of licenses to establishments
2 designed to stimulate and promote the resort and tourist
3 industry. The commission shall not transfer a resort license
4 issued under subsection (3), (4), or (5) to another location, and
5 if the licensee goes out of business the license shall be surren-
6 dered to the commission.

7 (8) The limitations and quotas of this section shall not be
8 applicable to the issuance of a new license to a veteran of the
9 armed forces of the United States who was honorably discharged or
10 released under honorable conditions from the armed forces of the
11 United States and who had by forced sale disposed of a similar
12 license within 90 days before or after entering or while serving
13 in the armed forces of the United States, as a part of the
14 person's preparation for that service if the application for a
15 new license is made for the same governmental unit in which the
16 previous license was issued and within 60 days after the dis-
17 charge of the applicant from the armed forces of the United
18 States.

19 (9) The limitations and quotas of this section shall not be
20 applicable to the issuance of a new license or the renewal of an
21 existing license where the property or establishment to be
22 licensed is situated in or on land on which an airport owned by a
23 county or in which a county has an interest is situated.

24 (10) For purposes of implementing this section a special
25 state census of a local governmental unit may be taken at the
26 expense of the local governmental unit by the federal bureau of
27 census or the secretary of state under section 6 of Act No. 279

1 of the Public Acts of 1909, as amended, being section 117.6 of
2 the Michigan Compiled Laws. The special census shall be initi-
3 ated by resolution of the governing body of the local governmen-
4 tal unit involved. The secretary of state may promulgate addi-
5 tional rules necessary for implementing this section pursuant to
6 the administrative procedures act of 1969, Act No. 306 of the
7 Public Acts of 1969, being sections 24.201 to 24.328 of the
8 Michigan Compiled Laws.

9 (11) The limitations and quotas of this section shall not be
10 applicable to the issuance of a new license to the governing
11 board of a college or university pursuant to section 17h.

12 (12) The limitations and quotas of this section shall not be
13 applicable to the issuance of a national sporting event license
14 pursuant to section 17b.

15 (13) THE COMMISSION SHALL NOT REQUIRE A CLASS A HOTEL OR A
16 CLASS B HOTEL LICENSED PURSUANT TO SUBSECTION (2), (3), OR (4) TO
17 PROVIDE FOOD SERVICE TO REGISTERED GUESTS OR TO THE PUBLIC.

18 Sec. 19d. (1) A retail vendor licensed under this act to
19 sell for consumption on the premises may apply for a license as a
20 specially designated merchant. A specially designated distribu-
21 tor may apply for a license as a specially designated merchant.
22 Except as provided in section 31(5), a warehouseman, mixed spirit
23 drink manufacturer, wholesaler, outstate seller of beer, outstate
24 seller of wine, outstate seller of mixed spirit drink, or vendor
25 of spirits shall not be licensed as a specially designated mer-
26 chant or a specially designated distributor or permitted to sell

1 or deliver to the consumer any quantity of alcoholic liquor at
2 retail.

3 (2) A specially designated distributor or specially design-
4 ated merchant or any other retailer shall not hold a mixed
5 spirit drink manufacturer, wholesale, warehouse, outstate seller
6 of beer, outstate seller of mixed spirit drink, or outstate
7 seller of wine license.

8 (3) A brewer, warehouseman, or wholesaler shall not be
9 licensed as a specially designated merchant, except for brewers
10 who manufacture less than 200,000 barrels of beer per year. This
11 subsection shall not affect the operation of a brewery hospital-
12 ity room.

13 (4) A wholesaler may sell or deliver beer and alcoholic
14 liquor to hospitals, military establishments, governments of fed-
15 eral Indian reservations, and churches requiring sacramental
16 wines and may sell to the wholesaler's own employees to a limit
17 of 2 cases of 24 12-ounce units or its equivalent of malt bever-
18 age per week, or 1 case of 12 1-liter units or its equivalent of
19 wine or mixed spirit drink per week.

20 (5) EXCEPT AS OTHERWISE PROVIDED IN SECTION 14, A PERSON
21 LICENSED AS A CLASS A HOTEL OR A CLASS B HOTEL SHALL NOT HOLD A
22 SPECIALLY DESIGNATED DISTRIBUTOR LICENSE.

23 Sec. 24. The following classes of vendors may sell alco-
24 holic liquors at retail as provided in this section:

25 (a) Taverns where beer and wine may be sold for consumption
26 on the premises only.

1 (b) Class C license where beer, wine, mixed spirit drink,
2 and spirits may be sold for consumption on the premises.

3 (c) Clubs where beer, wine, mixed spirit drink, and spirits
4 may be sold for consumption on the premises only to bona fide
5 members, who have attained the age of 21 years.

6 (d) ~~Hotels of class~~ CLASS A HOTELS where beer and wine may
7 be sold for consumption on the premises and in the rooms of bona
8 fide registered guests EXCEPT AS OTHERWISE PROVIDED IN

9 SECTION 14. ~~Hotels of class~~

10 (E) CLASS B HOTELS where beer, wine, mixed spirit drink, and
11 spirits may be sold for consumption ONLY on the premises and in
12 the rooms of bona fide registered guests EXCEPT AS OTHERWISE PRO-
13 VIDED IN SECTION 14.

14 (F) ~~(e)~~ Specially designated merchants, where beer and
15 wine may be sold for consumption off the premises only.

16 (G) ~~(f)~~ Specially designated distributors where spirits
17 and mixed spirit drink may be sold for consumption off the
18 premises only.

19 (H) ~~(g)~~ Special licenses where beer and wine or beer,
20 wine, mixed spirit drink, and spirits may be sold for consumption
21 on the premises only.

22 (I) ~~(h)~~ Dining cars or other railroad or pullman cars,
23 watercraft, or aircraft, where alcoholic liquor may be sold for
24 consumption on the premises only, subject to rules promulgated by
25 the commission.

1 Sec. 27. (1) No regulation shall be made requiring the
2 purchase or serving of food with the purchase of alcoholic
3 liquor.

4 (2) THE COMMISSION SHALL NOT REQUIRE A CLASS A HOTEL OR A
5 CLASS B HOTEL TO PROVIDE FOOD SERVICE TO REGISTERED GUESTS OR TO
6 THE PUBLIC.